

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2008**

	July-08				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Month	Fiscal YTD	FY08	Ended	Ended
		Actual		Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
							Net ROR	Net ROR
LARGE CAP DOMESTIC EQUITY								
<i>Structured Growth</i>								
LA Capital	75,768,719	4.2%	4.2%	-1.18%	-1.18%	-6.96%	8.22%	N/A
Total Structured Growth	75,768,719	4.2%	4.2%	-1.18%	-1.18%	-6.96%	8.22%	10.32%
Russell 1000 Growth				-1.90%	-1.90%	-5.96%	5.91%	7.32%
<i>Structured Value</i>								
LSV	67,732,580	3.8%	4.2%	-0.19%	-0.19%	-22.29%	3.56%	11.19%
Russell 1000 Value				-0.36%	-0.36%	-18.78%	3.53%	8.92%
<i>Enhanced Russell 1000 Index</i>								
LA Capital	61,527,714	3.4%	3.5%	-1.72%	-1.72%	-10.70%	6.55%	9.03%
Russell 1000				-1.16%	-1.16%	-12.36%	4.81%	8.22%
<i>Enhanced S&P 500 Index</i>								
Northern Trust	28,596,164	1.6%	1.8%	-0.49%	-0.49%	-15.84%	3.14%	6.72%
Westridge	63,826,796	3.6%	3.9%	-0.73%	-0.73%	-12.25%	4.94%	8.02%
Wells Capital	49,087,225	2.7%	3.0%	-3.81%	-3.81%	-31.59%	N/A	N/A
European Credit Management	30,258,260	1.7%	1.8%	-3.19%	-3.19%	N/A	N/A	N/A
Prudential	35,211,360	2.0%	1.9%	-1.17%	-1.17%	N/A	N/A	N/A
Franklin	29,986,745	1.7%	1.8%	-0.90%	-0.90%	-13.65%	N/A	N/A
Total Enhanced S&P 500 Index	236,966,550	13.2%	14.2%	-1.76%	-1.76%	-18.66%	2.40%	6.45%
S&P 500				-0.84%	-0.84%	-13.12%	4.41%	7.58%
<i>Absolute Return Strategy</i>								
Epoch	32,878,715	1.8%	1.8%	-2.04%	-2.04%	-6.84%	N/A	N/A
S&P 500				-0.84%	-0.84%	-13.12%		
<i>S&P 500 Index</i>								
State Street	35,560,141	2.0%	2.1%	-1.16%	-1.16%	-18.23%	2.99%	6.70%
S&P 500				-0.84%	-0.84%	-13.12%	4.41%	7.58%
TOTAL LARGE CAP DOMESTIC EQUITY	510,434,420	28.5%	30.0%	-1.44%	-1.44%	-16.11%	4.22%	8.17%
S&P 500				-0.84%	-0.84%	-13.12%	4.41%	7.58%
SMALL CAP DOMESTIC EQUITY								
<i>Manager-of-Managers</i>								
SEI	116,053,457	6.5%	7.2%	1.18%	1.18%	-22.41%	1.06%	8.52%
Russell 2000 + 200bp				3.87%	3.87%	-14.48%	5.88%	12.50%
Callan	48,982,415	2.7%	2.8%	0.49%	0.49%	-15.44%	N/A	N/A
Russell 2000				3.70%	3.70%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	165,035,872	9.2%	10.0%	0.97%	0.97%	-20.36%	2.11%	9.20%
Russell 2000				3.70%	3.70%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY								
<i>Large Cap - Core</i>								
State Street	17,829,958	1.0%	1.0%	-3.73%	-3.73%	-13.11%	12.40%	14.27%
MSCI EAFE (1)				-3.21%	-3.21%	-10.61%	12.84%	14.86%
<i>Large Cap - Active</i>								
Capital Guardian	54,917,521	3.1%	3.0%	-3.93%	-3.93%	-13.89%	11.58%	14.15%
LSV	51,661,532	2.9%	3.0%	-2.78%	-2.78%	-23.98%	8.07%	N/A
Total Large Cap - Active	106,579,052	5.9%	7.0%	-3.38%	-3.38%	-20.05%	9.04%	13.03%
MSCI EAFE - 50% Hedged				-2.64%	-2.64%	-15.14%	10.93%	14.67%
<i>Small Cap - Active</i>								
DFA	17,320,807	1.0%	1.0%	-0.44%	-0.44%	N/A	N/A	N/A
Wellington	17,672,390	1.0%	1.0%	-5.49%	-5.49%	-15.19%	9.83%	16.11%
Total Small Cap - Active	34,993,197	2.0%	2.0%	-3.00%	-3.00%	-15.60%	9.53%	16.89%
S&P/Citigroup BMI EPAC < \$2BN				-4.30%	-4.30%	-19.12%	10.36%	19.26%
TOTAL INTERNATIONAL EQUITY	159,402,207	8.9%	10.0%	-3.33%	-3.33%	-18.47%	9.51%	13.93%
MSCI EAFE - 50% Hedged				-2.64%	-2.64%	-15.14%	10.93%	14.67%
EMERGING MARKETS EQUITY								
<i>Core</i>								
JP Morgan	13,939,348	0.8%	0.9%	-3.11%	-3.11%	3.57%	N/A	N/A
PanAgora	14,224,893	0.8%	0.9%	-3.88%	-3.88%	7.21%	N/A	N/A
WestLB	14,642,085	0.8%	0.9%	-4.13%	-4.13%	11.12%	N/A	N/A
UBS	19,158,791	1.1%	1.5%	-4.18%	-4.18%	5.82%	N/A	N/A
Total Core	61,965,116	3.5%	4.1%	-3.87%	-3.87%	6.87%	27.76%	29.00%
MSCI Emerging Markets				-3.69%	-3.69%	4.89%	27.52%	22.84%
<i>Small Cap</i>								
DFA	14,579,736	0.8%	1.0%	-1.57%	-1.57%	-13.68%	N/A	N/A
MSCI Emerging Markets				-3.69%	-3.69%	4.89%		
<i>Private Equity</i>								
Capital International	5,301,861	0.3%	0.3%	0.00%	0.00%	N/A	N/A	N/A
MSCI Emerging Markets				-3.69%	-3.69%			
TOTAL EMERGING MARKETS EQUITY	81,846,714	4.6%	5.0%	-3.25%	-3.25%	2.99%	27.07%	28.58%
MSCI Emerging Markets				-3.69%	-3.69%	4.89%	27.52%	30.15%

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		Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
DOMESTIC FIXED INCOME								
<i>Core Bond</i>								
Western Asset	33,947,771	1.9%	1.9%	-2.53%	-2.53%	-0.30%	1.78%	2.90%
<i>Lehman Aggregate</i>				-0.08%	-0.08%	7.12%	4.09%	3.86%
<i>Index</i>								
Bank of ND	53,841,083	3.0%	3.2%	0.04%	0.04%	7.70%	3.93%	3.57%
Total Index	53,841,083	3.0%	3.2%	0.04%	0.04%	7.70%	4.17%	3.91%
<i>Lehman Gov/Credit</i>				0.00%	0.00%	7.24%	3.84%	3.58%
<i>Enhanced</i>								
Westridge	32,113,702	1.8%	1.6%	0.92%	0.92%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.08%	-0.08%			
<i>Convertibles</i>								
Calamos (2)	35,925,701	2.0%	1.9%	-1.31%	-1.31%	-2.86%	N/A	N/A
Total Convertibles	35,925,701	2.0%	1.9%	-1.31%	-1.31%	-2.86%	4.55%	2.71%
<i>Merrill Lynch All Convertibles (3)</i>				-3.13%	-3.13%	-6.36%	5.72%	6.36%
<i>BBB Average Quality</i>								
Wells Capital	43,948,260	2.5%	1.9%	-0.60%	-0.60%	3.70%	3.26%	4.56%
<i>Lehman BBB</i>				-0.67%	-0.67%	2.62%	2.52%	3.44%
<i>Senior Debt</i>								
PIMCO	5,960,797	0.3%	1.9%	N/A	N/A	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.08%	-0.08%	7.12%		
<i>Private Debt</i>								
Prudential	35,162,980	2.0%	1.9%	0.27%	0.27%	3.32%	3.41%	N/A
<i>Lehman Aggregate</i>				-0.08%	-0.08%	7.12%		
<i>Timberland</i>								
TIR - Teredo (4)	43,850,657	2.4%	2.4%	-0.05%	-0.05%	22.02%	15.15%	14.07%
TIR - Springbank	96,485,127	5.4%	5.4%	-0.14%	-0.14%	15.25%	18.41%	N/A
Total Timberland	140,335,784	7.8%	7.8%	-0.11%	-0.11%	17.50%	17.86%	21.14%
<i>NCREIF Timberland Index</i>				0.34%	0.34%	19.96%	17.12%	14.70%
<i>Infrastructure</i>								
JP Morgan	67,878,913	3.8%	3.8%	-0.13%	-0.13%	13.28%	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	449,114,990	25.1%	24.0%	-0.32%	-0.32%	9.02%	8.15%	9.65%
<i>Lehman Aggregate</i>				-0.08%	-0.08%	7.12%	4.09%	3.86%
HIGH YIELD BONDS								
<i>Core</i>								
Loomis Sayles	43,812,789	2.4%	2.0%	-1.44%	-1.44%	-1.43%	5.39%	N/A
Sutter/Wells Capital	38,658,320	2.2%	2.0%	-1.35%	-1.35%	-6.12%	2.58%	N/A
Total Core	82,471,109	4.6%	3.9%	-1.40%	-1.40%	-3.71%	4.01%	4.88%
<i>LB High Yield 2% Issuer Contstrained Index</i>				-1.25%	-1.25%	-1.75%	4.48%	N/A
<i>Mezzanine Debt</i>								
Goldman Sachs 2006 Fund	2,506,850	0.1%	0.1%	0.00%	0.00%	-3.89%	N/A	N/A
Goldman Sachs Fund V	3,383,720	0.2%	0.2%	0.00%	0.00%	N/A	N/A	N/A
TCW	5,988,060	0.3%	0.3%	0.00%	0.00%	7.26%	N/A	N/A
Total Mezzanine Debt	11,878,631	0.7%	0.7%	0.00%	0.00%	0.49%	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				-1.25%	-1.25%	-1.75%		
<i>Distressed Mortgages</i>								
PIMCO	5,899,267	0.3%	0.3%	0.00%	0.00%	N/A	N/A	N/A
Declaration Management	1,500,289	0.1%	0.1%	0.96%	0.96%	N/A	N/A	N/A
Total Distressed Mortgages	7,399,556	0.4%	0.4%	0.22%	0.22%	N/A	N/A	N/A
<i>LB High Yield 2% Issuer Contstrained Index</i>				-1.25%	-1.25%	-1.75%		
TOTAL HIGH YIELD BONDS	101,749,296	5.7%	5.0%	-1.15%	-1.15%	-4.27%	3.82%	6.32%
<i>LB High Yield 2% Issuer Contstrained Index</i>				-1.25%	-1.25%	-1.75%	4.48%	6.88%
INTERNATIONAL FIXED INCOME								
<i>International Sovereign</i>								
UBS Global (Brinson)	44,358,885	2.5%	2.5%	0.37%	0.37%	17.24%	5.56%	6.49%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				0.16%	0.16%	18.73%	6.63%	7.04%
<i>International Core</i>								
Brandywine	47,151,043	2.6%	2.5%	0.85%	0.85%	10.78%	7.06%	8.51%
<i>Lehman Global Aggregate (ex-US)</i>				0.27%	0.27%	16.53%	7.88%	7.38%
TOTAL INTERNATIONAL FIXED INCOME	91,509,928	5.1%	5.0%	0.62%	0.62%	13.90%	6.31%	7.50%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				0.16%	0.16%	18.73%	6.66%	7.06%
REAL ESTATE								
INVESCO - Core	50,914,018			-0.03%	-0.03%	8.27%	15.34%	14.88%
INVESCO - Fund II	1,110,235			0.00%	0.00%	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	48,050,169			-0.22%	-0.22%	5.69%	15.27%	15.26%
J.P. Morgan Alternative Property Fund	12,921,891			-0.20%	-0.20%	4.59%	N/A	N/A
J.P. Morgan Greater China Property Fund	1,236,344			0.00%	0.00%	N/A	N/A	N/A
TOTAL REAL ESTATE	114,232,657	6.4%	5.0%	-0.13%	-0.13%	6.31%	14.44%	14.53%
<i>NCREIF TOTAL INDEX</i>				0.19%	0.19%	9.20%	14.82%	14.63%

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ALTERNATIVE INVESTMENTS							
Brinson IVCF II	5,751		0.00%	0.00%	19.90%	24.67%	18.47%
Coral Partners II	13,582		0.00%	0.00%	-58.56%	-24.59%	-13.12%
Coral Partners V	4,185,520		0.00%	0.00%	9.09%	5.22%	-8.23%
Coral Partners V - Supplemental	488,819		0.00%	0.00%	-6.34%	3.94%	6.41%
Coral Momentum Fund (Formerly Fund VI)	7,014,857		0.00%	0.00%	13.96%	-3.63%	-7.09%
Brinson 1998 Partnership Fund	496,726		0.00%	0.00%	6.92%	17.74%	16.40%
Brinson 1999 Partnership Fund	1,499,803		0.00%	0.00%	13.32%	15.81%	14.25%
Brinson 2000 Partnership Fund	5,032,225		0.00%	0.00%	21.82%	21.03%	17.78%
Brinson 2001 Partnership Fund	4,234,136		0.00%	0.00%	2.23%	12.37%	9.49%
Brinson 2002 Partnership Fund	2,302,550		0.00%	0.00%	3.20%	14.93%	10.72%
Brinson 2003 Partnership Fund	788,645		0.00%	0.00%	-6.42%	16.42%	8.89%
Total Brinson Partnership Funds	14,354,084		0.00%	0.00%	13.85%	17.75%	14.80%
Brinson 1999 Non-US Partnership Fund	711,820		0.00%	0.00%	-9.78%	38.86%	33.76%
Brinson 2000 Non-US Partnership Fund	1,725,923		0.00%	0.00%	27.03%	38.56%	28.82%
Brinson 2001 Non-US Partnership Fund	1,166,148		0.00%	0.00%	13.44%	15.89%	14.66%
Brinson 2002 Non-US Partnership Fund	2,956,570		0.00%	0.00%	14.08%	43.86%	31.81%
Brinson 2003 Non-US Partnership Fund	2,530,347		0.00%	0.00%	24.92%	42.47%	23.29%
Brinson 2004 Non-US Partnership Fund	1,214,930		0.00%	0.00%	29.16%	25.88%	N/A
Total Brinson Non-US Partnership Fund	10,305,737		0.00%	0.00%	18.83%	37.12%	28.34%
Adams Street 2008 Non-US Partnership Fd	190,351		0.00%	0.00%	N/A	N/A	N/A
Brinson BVCF IV	7,039,988		0.00%	0.00%	-1.94%	7.62%	9.88%
Adams Street Direct Co-investment Fund	7,738,279		0.00%	0.00%	4.06%	N/A	N/A
Matlin Patterson Global Opportunities	3,829,421		0.00%	0.00%	-29.56%	-11.62%	9.60%
Matlin Patterson Global Opportunities II	16,251,400		0.00%	0.00%	-5.55%	8.69%	N/A
Matlin Patterson Global Opportunities III	8,048,246		0.00%	0.00%	-20.02%	N/A	N/A
InvestAmerica	3,860,847		0.00%	0.00%	27.36%	13.22%	1.67%
Hearthstone MSII	41,712		0.00%	0.00%	-62.01%	-100.00%	-100.00%
Hearthstone MSIII	725,911		0.00%	0.00%	-10.75%	63.82%	N/A
Corsair III	6,815,376		0.00%	0.00%	64.04%	N/A	N/A
Corsair III - ND Investors LLC	4,887,353		0.00%	0.00%	N/A	N/A	N/A
Quantum Resources	1,461,565		0.00%	0.00%	-52.44%	N/A	N/A
Quantum Energy Partners	1,228,309		0.00%	0.00%	-3.17%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	98,487,108	5.5%	5.0%	0.00%	4.50%	10.69%	10.42%
CASH EQUIVALENTS							
Northern Trust STIF/STEP	20,880,174	1.2%	1.0%	0.19%	0.19%	3.40%	2.76%
90 Day T-Bill				0.18%	0.18%	4.27%	3.18%
TOTAL FUND	1,792,693,365	100.0%	100.0%	-0.91%	-0.91%	7.94%	10.85%
POLICY TARGET BENCHMARK				-0.39%	-0.39%	7.27%	9.38%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toledo properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actu